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SEP 23 2010

IN THE CHANCERY COURT OF THE FIRST JUDICIAL DISTRICT
OF HINDS COUNTY, MISSISSIPPI

EDDIE JEAN CARR, CHANCERY CLERK
BY _____ D.C.

MIKE CHANEY, COMMISSIONER
OF INSURANCE OF THE STATE OF
MISSISSIPPI

PETITIONER

CIVIL ACTION NO. 2010-1575

VS.

PEOPLES ASSURED FAMILY
LIFE INSURANCE COMPANY

RESPONDENT

ORDER OF REHABILITATION

This cause came before the Court on Thursday, September 23, 2010, upon the *ex parte* Petition of the Commissioner of Insurance for the State of Mississippi, Hon. Mike Chaney ("Commissioner"), for an Order of Rehabilitation for the Insurer, Peoples Assured Family Life Insurance Company ("Peoples Assured" or "Company" or "Respondent"). Having heard and considered the presentation of the Petition, the Court hereby enters this Order of Rehabilitation for the conservation and complete management by Petitioner of all assets and affairs of Peoples Assured, a Mississippi Industrial Life Insurance Company. It appearing to the Court that Peoples Assured does not have sufficient minimum net worth as required by the provisions of the Mississippi Insurance Code and the Rules and Regulations of the Commissioner of Insurance, and further, that this Rehabilitation is in the best interest of Peoples Assured, its enrollees, and the public, IT IS HEREBY **ORDERED** as follows:

I.

This Order of Rehabilitation (“Rehabilitation Order”) is entered pursuant to the provisions of *Miss. Code Ann.* § 83-24-1 *et seq.*

II.

Mike Chaney, as Commissioner of Insurance of the State of Mississippi, is hereby appointed Rehabilitator of Respondent, Peoples Assured, with all the powers and immunities set forth in *Miss Code Ann.* § 83-24-1 *et seq.* The Rehabilitator shall take possession of the assets of Peoples Assured and manage them under the general supervision of the Court. By operation of law, title to all assets of Peoples Assured is hereby vested in the Rehabilitator.

III.

The Rehabilitator may appoint a Deputy Rehabilitator. The Deputy Rehabilitator shall have all powers and responsibilities of the Rehabilitator granted by this Order and all such authority as conferred by operation of law. The Commissioner, in his capacity as Rehabilitator, retains the right to substitute another person as Deputy Rehabilitator as he may deem necessary. The compensation of any Deputy Rehabilitator shall be fixed by the Rehabilitator with the approval of the Court, and shall be paid from the funds of Peoples Assured. The person appointed by the Rehabilitator pursuant to this paragraph shall serve at the pleasure of the Rehabilitator as set forth in *Miss. Code Ann.* § 83-24-27 (1). The Rehabilitator and the Deputy Rehabilitator shall have all constitutional and statutory immunities.

IV.

Peoples Assured, its officers, directors, agents, employees and all other persons are hereby enjoined and restrained from the transaction of any of the business of the Company. Further, Peoples Assured, its officers, directors, agents, employees and all other persons are hereby enjoined and restrained from transferring Company property (without the express permission of the Rehabilitator), wasting Peoples Assured assets, or transferring or dissipating any of Peoples Assured's bank accounts.

V.

Any and all legal actions or proceedings in any court of this state shall be stayed for ninety (90) days, and such additional time as is necessary for the Rehabilitator to obtain proper representation and prepare for further proceedings, in which Peoples Assured is either a party or is obligated to defend a party when this Rehabilitation Order is entered. The Rehabilitator shall take such action respecting the pending litigation deemed necessary in the interest of justice and for the protection of creditors, enrollees, and the public. During this ninety (90) stay and such additional time as determined necessary by the Court, all persons are enjoined and restrained from the institution or prosecution of any actions or proceedings against Peoples Assured.

VI.

The Rehabilitator shall immediately consider all litigation pending outside this state and shall petition the courts having jurisdiction over that litigation for stays whenever necessary to protect the estate of the Respondent.

VII.

Pursuant to *Miss Code Ann.* § 83-24-13, all officers, directors, agents, and employees of Respondent, Peoples Assured, are hereby Ordered to make available to the Rehabilitator all books, accounts, documents or other records or information or property pertaining to Peoples Assured, wherever located, including any books, accounts, documents or other records or information or other property of Peoples Assured in the possession of accountants, accounting firms, investment advisors, or any person or entity with which Peoples Assured has a contract for services.

VIII.

If it appears to the Rehabilitator that there has been criminal or tortuous conduct, or breach of any contractual or fiduciary obligation detrimental to the insurer by any officer, manager, agent, broker, employee, or other person, all appropriate legal remedies may be pursued on behalf of the Respondent.

IX.

All insurance agents and brokers are hereby ordered to account to the Rehabilitator for all funds of Peoples Assured held by them in their fiduciary capacity or due to Peoples Assured. As said funds are vested in the Rehabilitator as provided by law, it is Ordered that such funds be directed and forwarded by such insurance agents and brokers to the Rehabilitator.

X.

The Rehabilitator is hereby authorized to take any and all action he deems necessary or appropriate to reform and revitalize Peoples Assured. He shall have

all the powers of the directors, officers, and managers whose authority shall be suspended, except as they are re-delegated by the Rehabilitator. He shall have full power to direct and manage, hire and discharge employees subject to any contract rights they may have, and deal with the property and business of the Respondent.

XI.

The Rehabilitator is hereby authorized to void and set aside all fraudulent or improper transfers made or obligations incurred by Peoples Assured, as defined by *Miss. Code Ann.* § 83-24-27(6).

XII.

The Rehabilitator, in accordance with *Miss. Code Ann.* § 83-24-1 *et seq.* and the limitations set forth therein, is hereby authorized to recover on behalf of the Respondent the amount of any improper, unauthorized or fraudulent distributions.

XIII.

The Rehabilitator, pursuant to the authority under *Miss. Code Ann.* § 83-24-1 *et seq.*, is hereby authorized to examine the affairs, transactions, accounts, records, documents, and other assets of Peoples Assured, its parent and affiliates to determine whether any dividends or other distributions made by Peoples Assured to its parent or affiliates are recoverable under *Miss. Code Ann.* § 83-24-1 *et seq.*

XIV.

All reasonable expenses of any litigation, including attorney's fees and cost incurred by the Rehabilitator, now or in the future, related to or arising out of this Rehabilitation shall be paid out of the funds or assets of Peoples Assured.

XV.

Peoples Assured's directors, officers, employees, or other authorized representatives may not take any action which might lessen the value of Peoples Assured's assets or prejudice the rights of policyholders, creditors, or the administration of this proceeding, including but not limited to solicitation of offers and negotiation of terms for the purchase of Peoples Assured without the express permission of the Rehabilitator.

XVI.

Peoples Assured, its officers, directors, agents, employees and all other persons are hereby enjoined and restrained from interfering with the Rehabilitator other than through Petition of this Court.

XVII.

The Rehabilitator shall be relieved from giving bond and he shall be allowed his expenses related to this action, including without limitation, examination, expert and attorney's fees from Peoples Assured's funds pursuant to *Miss. Code Ann.* § 83-24-27. The Rehabilitator may employ such clerks, assistants and professional help as necessary, and the compensation of such clerks assistants and professional help shall be paid from the funds of Peoples Assured pursuant to *Miss. Code Ann.* § 83-24-27.

XVIII.

The Rehabilitator shall report to the Court regarding the status of the Rehabilitation at such intervals as the Court specifies from the date of this Rehabilitation Order, and provide an accounting to this Court on a semi-annual

basis, pursuant to *Miss. Code Ann.* § 83-24-25(2).

XIX.

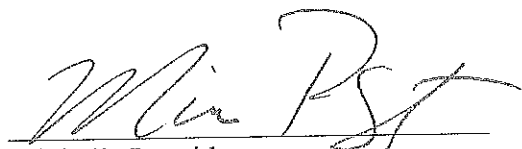
This Court shall retain exclusive jurisdiction, as provided in *Miss. Code Ann.* § 83-24-25(1), to determine all suits or motions related to the enforcement of this Order or any litigation related to Peoples Assured or the Rehabilitator and his deputies, agents, employees, or representatives, which shall be determined in this rehabilitation proceeding. This Order of Rehabilitation shall remain in effect until otherwise ordered by this Court. Further, the Petition and this Order shall be a public pleading and all petitions, orders and other papers filed thereafter shall be considered public records until further order of this court providing otherwise.

SO ORDERED this the 23 day of September, 2010.

Signed WILLIAM SINGLETARY

Chancellor
First Judicial District, Hinds County,
Mississippi

PRESENTED BY:



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